

No. 12,953

United States Court of Appeals
For the Ninth Circuit

NANCY ANN STORYBOOK DOLLS, INC., a
corporation,

Appellant,

vs.

DOLLCRAFT COMPANY, a corporation;
LESTER F. HINZ and ROBERT E.
KERR,

Appellees.

BRIEF FOR APPELLEES.

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corporation,

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DOLLCRAFT COMPANY, a corporation;
LESTER F. HINZ and ROBERT E.
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Appellees.

BRIEF FOR APPELLEES.

This is an appeal from a judgment entered in the United States District Court for the Northern District of California, wherein the trade-marks "Red Riding Hood", "Little Miss Muffett", "Little Bo-Peep", "Mistress Mary", "Little Miss Donnett", "Curly Locks", "Goldilocks", "June Girl", "Story-book" and "Story" for dolls were held to be invalid and void and the registrations thereof were cancelled. It was further held in said judgment that the parties to the action had not unfairly competed with each other.

STATEMENT OF THE CASE.

This case originated in the District Court as an action for declaratory relief pursuant to 28 U.S.C., Section 2201.* Plaintiffs-appellees are Dollcraft Co., a California corporation, and Lester F. Hinz and Robert E. Kerr, individuals, the latter two being brought into the case by way of a cross-complaint filed by defendant-appellant. Appellee Dollcraft Co. is a manufacturer of dressed dolls. The defendant-appellant is Nancy Ann Storybook Dolls, Inc., a corporation, which is also a manufacturer of dressed dolls. Both appellee, Dollcraft Co., and appellant had the practice of manufacturing dressed dolls that represented nursery rhyme or storybook characters and identified these dolls by the nursery rhyme or storybook character name. The appellant began the practice of so naming its dolls with character names prior to the adoption of the practice by appellee, Dollcraft Co.

The appellant contends that because of its prior use of these names it now has the exclusive right to manufacture and sell dressed dolls representing the nursery rhyme or storybook characters known to everyone as "Red Riding Hood", "Little Miss Muffett", "Little Bo-Peep", "Little Boy Blue", "Mistress Mary", "Little Miss Donnett", "Curly Locks",

*§ 2201. Creation of remedy.

In a case of actual controversy within its jurisdiction, except with respect to federal taxes, any Court of the United States, upon the filing of an appropriate pleading, may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought. Any such declaration shall have the force and effect of a final judgment or decree and shall be reviewable as such.

and "Goldilocks". It also contends that it is the only one that can manufacture and sell a doll under the name "June", "June Girl", or "June Bride". Furthermore, it contends that it has the exclusive right to identify these dolls as "Storybook" dolls or "Story" dolls. In other words, the public, as well as appellees, because of appellant's prior adoption and use of these descriptive character names for dolls, is forever precluded from making, using or selling dolls representing their conception of these nursery rhyme or storybook characters and identifying them by their character names.

These names of nursery rhyme or storybook characters are not used by either appellant or appellee, Dollcraft Co., as a means to identify the source or origin of the dolls but are used to identify the particular nursery rhyme or storybook character each doll represents. For example, "Red Riding Hood" is dressed in a red cape as Red Riding Hood has been represented in the nursery rhymes and storybooks from time immemorial. "Little Bo Peep" is dressed to represent a shepherdess having a shepherd's crook in her hands. In each instance the dolls are made to represent someone's conception of a particular nursery rhyme or storybook character. Under such circumstances, the character names do not function as trade-marks but function solely as identifying the character each doll represents. In other words, none of these descriptive names are used by appellant or appellee, Dollcraft Co., to point to the source or origin of the goods to which they are applied. However, they

are being used by appellant in an attempt to throttle legitimate competition. For example, the mere mention of the name "Red Riding Hood" cannot help but bring to mind the storybook or nursery rhyme character that represents a little girl dressed in a red cape. To say you have a Red Riding Hood doll would indicate to everyone that you have a doll dressed to represent the nursery rhyme or storybook character "Red Riding Hood". To exclude everyone from making or selling a doll that is a representation of Red Riding Hood and to preclude everyone from calling that doll by its common descriptive character name of Red Riding Hood is certainly not the intent, purpose or function of the trade-mark laws.

As a matter of fact, appellant, through one of its officers in his testimony, admitted the descriptiveness of the marks here in question. (Rowland R 258-260.) It was also admitted by the same witness that the dress of appellee Dollcraft Co.'s packages in which its dolls are marketed was not similar to the dress of the packages in which appellant's dolls are sold. (R 393.) Appellees, Lester F. Hinz and Robert E. Kerr, were brought into this action by way of a cross-complaint (R 62) and it is contended by appellant (Brief for Appellant, page 34) that because appellees, Lester F. Hinz and Robert E. Kerr, together own a controlling stock interest in appellee Dollcraft Co., they are jointly and severally responsible for the alleged infringing acts of appellee, Dollcraft Co., here complained of. This contention is wholly unsupported in fact or in law.

The appellees contend that the marks here involved are the common descriptive nursery rhyme or story-book character names and are *publici juris*, and therefore it is impossible for anyone to secure the exclusive right to manufacture dolls representing these nursery rhyme or storybook characters that have been known to the American public for years and years, and that it is impossible for anyone to acquire the exclusive right to call these character dolls by their common descriptive nursery rhyme or story-book character names.

THE ISSUES RAISED.

There are actually only three issues raised on this appeal:

(1) Are appellant's trade-mark registrations "Red Riding Hood", "Little Miss Muffett", "Little Bo-Peep", "Mistress Mary", "Little Miss Donnett", "Curly Locks", "Goldilocks", "June Girl", "Story-book" and "Story" valid and is appellant entitled to the exclusive use thereof?

(2) If valid, have these trade-marks been infringed by appellees?

(3) Have appellees unfairly competed with appellant?

The foregoing issues raised in this appeal will be discussed hereinafter and in so doing, the many errors of fact and of law appearing in brief for appellant will be pointed out to this Court.

SUMMARY OF ARGUMENT.

1. Appellant seeks a trial *de novo* before this Court because appellant has made no effort in its brief to show that the findings of fact and judgment of the District Court are not supported by substantial evidence, nor does appellant point to any evidence which would support findings of fact contrary to those found by the District Court.

2. The appellant's alleged doll names do not constitute a distinctive word or group of words adopted for the purpose of identifying the appellant's product, nor do the doll names function as trade-marks nor are they capable of a trade-mark function or use.

(a) The function of a trade-mark is to point out the origin or ownership of the article to which it is affixed or, in other words, to give notice to the public who manufactured or produced the article.

(b) The trade-marks here involved do not perform the function of pointing out the origin or ownership of the articles to which they are affixed.

3. The District Court found as fact that the trade-marks here involved are descriptive and therefore they are clearly invalid and such findings are based on substantial evidence including the admission of appellant that the marks are descriptive.

4. Descriptive names such as the particular names of nursery rhyme characters cannot be adopted as trade-marks nor can such names acquire a secondary meaning as a trade-mark by long continued and exclusive use, for to give them a secondary meaning is

to give such character names the full effect of a trade-mark while denying their validity as such.

(a) Descriptive names are not subject to adoption as trade-marks.

(b) Federal trade-mark registration does not alter inability to adopt descriptive names as trade-marks.

(c) Secondary meaning cannot attach to descriptive names and the District Court found as a fact that the marks here involved have not acquired a secondary meaning.

(d) Character names for dolls are descriptive.

5. The appellees, having the right to identify their doll products with their descriptive nursery rhyme or storybook character names, cannot be guilty of unfair competition.

6. Validity or invalidity of appellant's trade-mark not in issue when appellant was involved in opposition proceedings before patent office but examiner in patent office can rule on propriety of applicant's mark in such proceedings.

7. Appellant, by sending threatening letters to numerous customers of appellee, Dollcraft Co., forced said appellee to act immediately to protect its trade.

8. Appellees, Lester F. Hinz and Robert E. Kerr, are not guilty of trade-mark infringement or unfair competition.

9. *Stork Club* case not applicable to facts of instant action.

APPELLANT SEEKS A TRIAL DE NOVO
BEFORE THIS COURT.

From a reading of appellant's brief, it appears clearly that appellant misconstrues the true function of this Court. Appellant has no argument with the application of the law to the facts as found by the District Court, but merely argues that the District Court's findings of fact were wrong and should be set aside. However, appellant in its brief makes no effort to show that the findings of fact are not supported by the evidence or by substantial evidence, nor does appellant in its brief point to any evidence which would sustain findings of fact contrary to those found by the District Court.

Thus, we argue that having no quarrel with the application of the law to the facts as found, what appellant says in essence is that despite the fact that the findings of fact are supported by the only evidence, and that evidence is substantial, the District Court came to the wrong decision as to the facts.

It is the function of this Court to determine whether or not the District Court correctly applied the law to the facts as found and as to whether or not the facts as found are supported by substantial evidence and are not clearly erroneous. Inasmuch as appellant does not quarrel with the District Court's application of the law to the facts as found, the issue here is merely whether or not the findings of fact are clearly erroneous and whether or not the findings of fact are supported by substantial evidence.

The District Court found as a fact that all of appellant's trade-marks involved herein were descriptive. It is beyond question that the descriptiveness of a trade-mark is a question of fact for the trial Court. On this point the Court found as follows (R 108 to 111):

“16.

“The dolls produced by each party herein show themselves to have been designed, created and dressed so as to be the likenesses of well-known fictional characters whose names they bear.

“17.

“Each doll bearing the trade-marks here in issue is a manifestation of the fictional character itself whose name serves to identify and describe such doll.

“18.

“‘Story’ and ‘Storybook’ properly serve as generic names for all that class of dolls which portray or represent fictional characters, as does ‘Dolls With a Story’.

“19.

“The use which defendant-counter-claimant makes of the words ‘Storybook Dolls’ to identify the dolls indicate that such dolls represent characters in storybooks.

“20.

“The names ‘Storybook’, ‘Goldilocks’, ‘Little Bo-Peep’, ‘June Girl’, ‘Mistress Mary’, ‘Curly

Locks', 'Little Miss Donnett', 'Red Riding Hood', 'Little Miss Muffett', and 'Story' are primarily descriptive and cannot be withdrawn from public use by adoption as a trade-mark.

* * * * *

“24.

“The names 'Storybook', 'Goldilocks', 'Little Bo-Peep', 'June Girl', 'Mistress Mary', 'Curly Locks', 'Little Miss Donnett', 'Red Riding Hood', 'Little Miss Muffett', and 'Story' are descriptive and do not point to the origin or ownership nor indicate in the slightest degree the person, natural or artificial, who manufactured such dolls or brought them to market.

“25.

“The names 'Storybook', 'Goldilocks', 'Little Bo-Peep', 'June Girl', 'Mistress Mary', 'Curly Locks', 'Little Miss Donnett', 'Red Riding Hood', 'Little Miss Muffett', and 'Story' were adopted by and applied to dolls by defendant-counter-claimant because the dolls to which they were applied in appearance simulated a well-known story-book character.

“26.

“Defendant-counter-claimant has failed to show that the primary significance of the names 'Storybook', 'Goldilocks', 'Little Bo-Peep', 'June Girl', 'Mistress Mary', 'Curly Locks', 'Little Miss Donnett', 'Red Riding Hood', 'Little Miss Muffett', and 'Story', in the minds of the consuming public is not the character represented by the dolls bearing said names, but is the defendant-counter-claimant, the producer of said dolls.

“27.

“The ‘June Girl’ doll produced by defendant-counter-claimant shows itself to be a conceptual representation of a girl dressed for the month of June, it not being dressed in a bridal costume, but rather it is clothed in light, summery dress appropriate to an embodiment of the name itself, and the name denotes the doll, not the manufacturer, and is a descriptive name.”

Although in its brief appellant argues strenuously that its trade-marks here in question are not descriptive and that the trial Court erred in finding to the contrary, appellant makes no showing whatsoever that such findings are not supported by substantial evidence, nor does appellant point to any evidence controverting such findings. Thus, in effect, what appellant seeks is a trial *de novo* before this Court in an attempt to have this Court come to a different conclusion on the fact of descriptiveness than that of the trial Court. Such is not the function of this Court. Its function on this appeal on this issue is to set aside the findings of the trial Court only in the event it determines that such findings are not supported by substantial evidence or are clearly erroneous.

Jacuzzi Bros. v. Berkeley Pump Company et al. (9 Cir.), F. (2d), 91 U.S.P.Q. 24;

Lieshman v. General Motors Corp. (9 Cir.), 191 F. (2d) 522;

Refrigeration Engineering, Inc. v. York Corp. (9 Cir.), 168 F. (2d) 896, 78 U.S.P.Q. 315;

Bianchi v. Barili (9 Cir.), 168 F. (2d) 793;

Ralph N. Brodie Co. v. Hydraulic Press Mfg. Co. (9 Cir.), 151 F. (2d) 91;

Federal Rules of Civil Procedure, Rule 52 (a).

Appellant's indirect attempt to have this Court retry such factual issues should fail.

THE APPELLANT'S ALLEGED DOLL NAMES DO NOT CONSTITUTE A DISTINCTIVE WORD OR GROUP OF WORDS ADOPTED FOR THE PURPOSE OF IDENTIFYING THE APPELLANT'S PRODUCTS, NOR DO THE DOLL NAMES FUNCTION AS A TRADE-MARK, NOR ARE THEY CAPABLE OF TRADE-MARK FUNCTION OR TRADE-MARK USE.

- (a) The function of a trade-mark is to point out the origin or ownership of the article to which it is affixed, or, in other words, to give notice to the public who manufactured or produced the article.

A trade-mark is a distinctive word or group of words or symbols adopted for the purpose of identifying the product of a particular manufacturer or vendor so that it may be unmistakably distinguished from the products of others. "To acquire the right to the exclusive use of a name, device or symbol as a trade-mark, it must appear that it was adopted for the purpose of identifying the origin or ownership of the article to which it is attached."

The function of the trade-mark is to facilitate the identification of the maker or seller of the merchandise, and one of the indispensable, basic and primary requirements of a trade-mark is that it distinctly point out the maker of the article to which it is attached.

Our Supreme Court in the case of *Del. & H. Canal Co. v. Clark*, 13 Wall. 311, 322, 1871, states:

“The office of a trademark is to point out distinctively the origin or ownership of the article to which it is affixed; or, in other words, to give notice who was the producer.”

Again in *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412, 36 S. Ct. 357, 360, 55 L. Ed. 536, the Supreme Court ruled:

“The primary and proper function of a trademark is to identify the origin or ownership of the article to which it is affixed.”

The Supreme Court again in the case of *Columbia Mill Co. v. Alcorn, et al.*, 150 U.S. 460, 1893, 14 S. Ct. 151, 152, stated:

“It must be designed, as its primary object and purpose, to indicate the owner or producer of the commodity, and to distinguish it from like articles manufactured by others.”

In the case of *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97, 39 S.Ct. 48, 51, 1918, our Supreme Court stated:

“* * * its function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another’s product as his; * * *”

- (b) The trade-marks here involved do not perform the function of pointing out the origin or ownership of the articles to which they are affixed.

In the present instance it is too obvious for argument that the sole and primary purpose of giving the individual dolls (dressed and designed to represent nursery rhyme characters) the precise name that they bore in nursery rhymes or storybooks is simply and clearly to describe and name the particular character which they were designed to represent and not to serve in a trade-mark function.

These nursery rhyme or storybook names are used by appellant and appellee, Dollcraft Co., solely to identify the particular character involved and for no other purpose. *It is essential in order to be a trade-mark and to serve as a trade-mark that the following tests be answered affirmatively:*¹

(1) Does the name possess a trade-mark function? In this connection what is meant is, does it, as in the language of the Supreme Court, point out distinctly the origin or ownership of the article to which it is affixed?

(2) Does it "point out the maker of the article to which it is attached?"

(3) Is it designed as its primary object and purpose to indicate the owner or producer of the commodity and to distinguish it from like articles manufactured by others?

¹All emphasis ours unless otherwise noted.

(4) Does it designate the goods as the product of the particular trader?

(5) Is it the primary purpose or function of the mark to indicate the producer?

Obviously, in the present instance, giving the dolls the names of the well-known characters which they clearly depict and represent in the nursery rhymes or storybooks was primarily for the purpose of descriptively describing the dolls so that the purchasers would have this information in addition to the visual appearance of the dolls so as to identify the characters which the dolls depict. Consequently, all of the above questions in the present instance must be answered in the negative and, therefore, there can be no distinctiveness or trade-mark function in the use of the well-known character names of dolls having the appearance of nursery rhyme characters which they depict and for which they are named.

Appellees refer this Court to the late decision of *Walt Disney Productions, Inc., et al. v. Souvaine Selective Pictures*, 98 F.S. 774. In this case, the plaintiff claimed exclusive right to show a picture entitled "Alice in Wonderland" and sought a preliminary injunction against defendant to prevent the showing of defendant's "Alice in Wonderland." In denying plaintiff's motion for preliminary injunction, the Court said:

"* * * The plaintiffs claim that they have acquired property rights by reason of vast sums of money that they have expended in making their

picture and in advertising it to the public, so that the title 'Alice in Wonderland' has acquired a secondary meaning. Admittedly the book 'Alice in Wonderland' is no longer subject to copyright and is as much in the public domain as are Shakespeare's plays. Anyone has a legal right to make a picture based on Louis Carroll's book and entitled 'Alice in Wonderland.'

* * * * *

“* * * This is the sort of competition that perhaps should be encouraged rather than suppressed.”

The Court is also referred to the decision of the Court of Customs and Patent Appeals entitled *Nancy Ann Dressed Dolls (Nancy Ann Storybook Dolls, Inc., assignee, substituted v. Ippolito* (184 F. (2d) 201, 202, Exhibit 57). This opinion fully affirms both the examiner and the Commissioner of Patents in the opposition proceedings with respect to the descriptiveness of the trade-mark 'Nursery Rhymes'. On pages 3 and 4 of the majority opinion, the Court says:

“The Examiner of Interferences pointed out that in the notice of opposition it was alleged that appellant's mark 'is a generic term' and that it 'cannot serve to identify its goods to the exclusion of the like products of opposer, * * *.' He held that even though the expression 'Nursery Rhymes' had not been shown to have been used by appellee other than orally, that such mark 'is *generically descriptive* of the entire line of dolls sold by the opposer under the names of nursery rhyme characters,' and that therefore appellee and its customers are entitled to use the designation

‘Nursery Rhymes’ to identify their line of dolls representing characters from ‘Nursery Rhymes.’

* * *

“The examiner further rejected the registration *ex parte*, for the stated reason that the mark would be understood by the purchasing public as referring to any and all doll reproductions of fictional characters from ‘Nursery Rhymes’ as a class. *He held that every producer of dolls had the right freely to make and sell his conception of ‘Nursery Rhyme’ characters familiar to everyone from childhood days and that the common right to make any article is inseparable from the right to use words which aptly describe it, citing Singer v. June, 163 U.S. 169; Beckwith v. Commissioner of Patents, 252 U.S. 538.* He therefore held that the descriptiveness clause of Section 5 of the involved act was deemed to constitute a bar to the registration of appellant’s mark.

“On appeal the commissioner sustained all of the reasoning advanced by the Examiner of Interferences.

“We are of opinion that the decision of the commissioner is without error.”

Appellant contends in its brief (pages 10 to 14) that, because the Patent Office issued trade-mark registrations to it for the marks here involved, these trade-marks are practically beyond recall because of the presumption of validity attaching thereto by reason of issuance thereof. The appellant’s position in this respect completely disagrees with this Court’s view as set forth in the recent case of *Jacuzzi Bros., Inc., v. Berkeley Pump Co.*, 91 U.S.P.Q., 24

F. (2d), where, in considering the validity of the acts of the Patent Office as an administrative body, Judge Fee said:

“The presumption of validity of administrative grant has been in recent years almost reduced to nullity in patent cases. The justice of the abandonment of this doctrine might be claimed because some absurd results have been reached by administrative bodies.” However, no matter what defects there may be in administrative bodies or courts composed of experts, questions of fact should be settled in the trial tribunal, reversible only because of clear error.

* * * * *

“* * * Comment has heretofore been made in *Myers v. Fruchauf*, 90 F. Supp. 265, 268 [79 U.S.P.Q. 173, 176] upon the interesting circumstance that the Patent Office, which is the oldest administrative body, has currently lost the quality of sanctity which emanates from such tribunals.”

Trade-mark registrations are entitled to no more sanctity than are patents. The Patent Office is not infallible in issuing either patents or trade-mark registrations. It has many times been overruled by the Courts as to its opinion of what is a valid trade-mark.

This Court has many times held that trade-mark registrations were invalid because the trade-marks were descriptive:

Jell-Well Dessert Co. v. Jell-X-Cell Co., 22 F. (2d) 522. “Jell Well” held to be descriptive;

Van Camp Sea Food Co., Inc. v. Westgate Sea Products Co., 28 F. (2d) 957. “Chicken” held to be descriptive of young tuna;

Van Camp Sea Food Co. v. Cohn-Hopkins et al, 56 F. (2d) 797. "Chicken of the Sea" held descriptive of young tuna.

THE DISTRICT COURT FOUND AS FACT THAT THE MARKS HERE INVOLVED ARE DESCRIPTIVE AND THEREFORE THEY ARE CLEARLY INVALID, AND SUCH FINDINGS ARE BASED ON SUBSTANTIAL EVIDENCE INCLUDING THE ADMISSION OF APPELLANT THAT THE MARKS ARE DESCRIPTIVE.

The record before this Court establishes without contradiction that the marks here involved are descriptive and the District Court so found.

The findings of the District Court in this respect (R 108-111) are:

"16.

"The dolls produced by each party herein show themselves to have been designed, created and dressed so as to be the likenesses of well-known fictional characters whose names they bear.

"17.

"Each doll bearing the trade-marks here in issue is a manifestation of the fictional character itself whose name serves to identify and describe such doll.

"18.

"'Story' and 'Storybook' properly serve as generic names for all that class of dolls which portray or represent fictional characters, as does 'Dolls With a Story.'

“19.

“The use which defendant-counter-claimant makes of the words ‘Storybook Dolls’ to identify the dolls indicate that such dolls represent characters in storybooks.

“20.

“The names ‘Storybook,’ ‘Goldilocks,’ ‘Little Bo-Peep,’ ‘June Girl,’ ‘Mistress Mary,’ ‘Curly Locks,’ ‘Little Miss Donnett,’ ‘Red Riding Hood,’ ‘Little Miss Muffett,’ and ‘Story’ are primarily descriptive and cannot be withdrawn from public use by adoption as a trade-mark.

* * * * *

“24.

“The names ‘Storybook,’ ‘Goldilocks,’ ‘Little Bo-Peep,’ ‘June Girl,’ ‘Mistress Mary,’ ‘Curly Locks,’ ‘Little Miss Donnett,’ ‘Red Riding Hood,’ ‘Little Miss Muffett,’ and ‘Story’ are descriptive and do not point to the origin or ownership nor indicate in the slightest degree the person, natural or artificial, who manufactured such dolls or brought them to market.”

“25.

“The names ‘Storybook,’ ‘Goldilocks,’ ‘Little Bo-Peep,’ ‘June Girl,’ ‘Mistress Mary,’ ‘Curly Locks,’ ‘Little Miss Donnett,’ ‘Red Riding Hood,’ ‘Little Miss Muffett,’ and ‘Story’ were adopted by and applied to dolls by defendant-counter-claimant because the dolls to which they were applied in appearance simulated a well-known storybook character.

“26.

“Defendant-counter-claimant has failed to show that the primary significance of the names ‘Storybook,’ ‘Goldilocks,’ ‘Little Bo-Peep,’ ‘June Girl,’ ‘Mistress Mary,’ ‘Curly Locks,’ ‘Little Miss Donnett,’ ‘Red Riding Hood,’ ‘Little Miss Muffett,’ and ‘Story,’ in the minds of the consuming public is not the character represented by the dolls bearing said names, but is the defendant-counter-claimant, the producer of said dolls.

“27.

“The ‘June Girl’ doll produced by defendant-counter-claimant shows itself to be a conceptual representation of a girl dressed for the month of June, it not being dressed in a bridal costume, but rather it is clothed in light, summery dress appropriate to an embodiment of the name itself, and the name denotes the doll, not the manufacturer, and is a descriptive name.”

The findings of the District Court that the marks “Storybook,” “Goldilocks,” “Little Bo-Peep,” “June Girl,” “Mistress Mary,” “Curly Locks,” “Little Miss Donnett,” “Red Riding Hood,” “Little Miss Muffett,” and “Story” were primarily descriptive are certainly findings of fact. All these findings of fact (Findings 19, 20, 24-27, R. 109-111) of descriptiveness are supported by substantial evidence.

We have only to point to the testimony of Mr. Rowland, Secretary-Treasurer of the appellant company, an adverse witness, to establish without doubt the descriptiveness of each of the marks here involved.

These telling admissions by Mr. Rowland were wrung from him after he tried every possible way to avoid a direct answer to the questions propounded. Finally, the answers to these questions relative to descriptiveness were so obvious that even Mr. Rowland had to admit that each of the marks here involved was completely descriptive.

With respect to the mark "Red Riding Hood" and marks of that character, Mr. Rowland testified at R 257-258 as follows:

"Q. Now isn't it a fact, Mr. Rowland, that the name 'Little Red Riding Hood' was adopted by you and applied to a doll because that doll in appearance simulated a well-known storybook character?"

A. No; it was Nancy Ann's interpretation of 'Red Riding Hood'.

Q. And the fact that it is similar to 'Red Riding Hood' had nothing to do with your adopting the name 'Red Riding Hood' for that doll; is that your answer?"

A. As I say, it is her interpretation of what 'Red Riding Hood' looked like, and that is why the mark was adopted.

Mr. Mellin. May that question before the last be read to the witness by the reporter?"

(Reporter read the question as follows:

Q. Now isn't it a fact, Mr. Rowland, that the name 'Little Red Riding Hood' was adopted by you and applied to a doll because that doll in appearance simulated a well-known storybook character?)

A. Yes it is."

Again at R 270 Mr. Rowland said:

“Q. And when someone says, ‘Little Red Riding Hood’, immediately to you that means a storybook doll dressed like Little Red Riding Hood, that is correct?”

A. Not only to me, but it means that to every youngster in the country.

Q. And regardless of the type of miniature doll, Mr. Rowland?

A. Yes, sir.”

Also at R 364 Rowland made the following admission:

“Q. That is also true, isn’t it, that as far as you are concerned, that when the appellation ‘Little Red Riding Hood’ was put on the doll, that it did not describe any one character that the doll represented; it was merely to indicate that it was manufactured by Nancy Ann Dressed Dolls, Inc.?”

A. And it was Nancy’s interpretation of Little Red Riding Hood?

Q. Then it was put on for at least one purpose, of indicating the character in the storybooks and nursery rhymes which the doll represented.

A. As her interpretation, yes, sir.”

Then in discussing the marks “Little Bo-Peep,” “Little Miss Muffett” and “Little Miss Donnett,” Rowland at R 259-260 said:

“Q. The ‘Little Bo-Peep’ doll Exhibit A-2 was somebody’s conception of the storybook character Little Bo-Peep, isn’t that correct?”

A. That is correct.

Q. And the name 'Little Bo-Peep' was adopted for that doll because it was the conception of somebody of what Little Bo-Peep was in Nursery Rhymes, is that right?

A. No, it was not adopted for that doll; it was adopted for a doll.

Mr. Mellin. Would you read the question to the witness?

(The reporter read the question.)

A. No, I repeat my answer, that the name was not adopted for that doll; it was adopted for a doll which we later called 'Bo-Peep'.

Q. And because of the fact that it was somebody's conception of what Bo-Peep, the Nursery Rhyme character, would look like?

A. Yes, sir.

Q. And that, in substance, is true of all of the other storybook character dolls, that your company puts out today, to wit: 'Little Miss Muffett', 'Little Miss Donnet' and so on?

A. It is Nancy Ann's version of the doll.

Q. Of the particular character in the Nursery Rhymes or storybooks?

A. That is correct."

The District Court found as a fact that the name "Storybook" was descriptive. (Findings 19, 20 and 24 supra; R 109-110).

In support of the descriptiveness of "Storybook", the Court is referred to the testimony of Mr. Rowland (R 270) as follows:

"Q. You recall that it was the position of the defendant here, Nancy Ann Dressed Dolls, that the words 'Nursery Rhymes' were synonymous

with 'Storybook', 'Mother Goose', and things of that sort?

A. Yes, sir. Are you pertaining to the Nancy Ann Storybook Doll corporation or the old corporation? You always use the old name.

Q. I will speak of them collectively.

A. All right; fine.

Q. And that is still your contention, isn't it?

A. Yes, sir.

Q. So that, as far as your position is concerned here, the words, 'Storybook', 'Nursery Rhymes', 'Mother Goose', 'Fairyland' are all synonymous terms, all of which would call to mind, when applied to the fictional characters, all would call to mind the same general fictional characters, isn't that correct?

A. That is a Storybook Doll."

Again at R 370-371, Rowland admitted the descriptiveness of "Storybook" in the following testimony:

"Q. Would you say that when the words are used together, 'Storybook Dolls', that that would indicate dolls representing characters in story-books or not?

A. Yes, they would, story-book dolls."

Then at R 277, Rowland admitted that "Nursery Rhymes", a name he already admitted was synonymous with "Storybook", was descriptive of dolls representing nursery rhyme characters, saying:

"Q. I see. You did take the position before the Patent Office, didn't you, that the trade-mark 'Nursery Rhymes' was descriptive of dolls representing nursery characters—nursery rhyme characters, didn't you?

A. Put out by us, yes sir.

Q. And that was the basis of your opposition to the registration of the trade-mark 'Nursery Rhymes' by Ippolito, isn't that correct—Hollywood Doll Company?

A. I believe it was; I would have to check with my counsel to make sure?"

The District Court also found that the name "June Girl" was descriptive. (Finding 20, 24 and 27, R 109-111).

With respect to "June Bride," Mr. Rowland testified this mark was descriptive, stating at R 369-370 the following:

"Q. Wouldn't you say that the appellation June Bride as it applied to a doll dressed to simulate a Bride—would you say that is descriptive of the doll?

A. It is descriptive of their doll, yes.

Q. It would be descriptive of our doll?

A. Yes.

Q. Purely descriptive, is that a fact?

A. Yes."

It is seen from the above testimony that the findings of fact as made by the District Court are fully supported by substantial evidence. Although the appellant requests this Court to set aside these findings of fact, it utterly fails to point out in its brief any evidence in this case that in any way establishes that findings of fact 16, 17, 18, 19, 20, 24, 25, 26 and 27 are clearly erroneous or not supported by the evidence. In other words, what appellant indirectly seeks is a trial *de novo* before this Court of Appeals. Such pro-

cedure is improper as was recently decided by this Court in the case of *Jacuzzi Bros. Inc. v. Berkeley Pump Co.*, F. (2d), 91 U.S.P.Q. 24, where it was said:

“* * * But it is contended that, since the Patent Office and the Trial Court disagreed, we should find the facts de novo. The assumption of such authority by the Appellate Court would be an usurpation. However, we examine the facts to determine whether the findings of the Trial Judge are clearly erroneous under Rule 52, Federal Rules of Civil Procedure, Title 28, U.S.C.A., and must be set aside.

“If there is not firm adherence to such a rule, everything is cast adrift. The trial courts find the facts. If appellate courts exercise no self-restraint, then, after the primary facts are thus found, these same facts are found anew twice over, with varying results. Not only is there no finality, but the findings may change with shifting personnel or on subsequent hearings. Not only finality, but stability is lost. All is confusion.”

Pursuant to Rule 52, Federal Rules of Civil Procedure:

“Findings of fact shall not be set aside unless clearly erroneous, * * *”*

* (a) Effect. In all actions tried upon the facts without a jury or with an advisory jury, the Court shall find the facts specially and state separately its conclusions of law thereon and direct the entry of the appropriate judgment; and in granting or refusing interlocutory injunctions the Court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact shall not be set aside unless clearly

On the above evidence, which is uncontradicted, and was elicited from an officer of defendant, how can it be said that the District Court's findings of descriptiveness are in error or that such findings are not supported by substantial evidence?

A recent case in which the present appellant was involved and in which it contended the trade-mark "Nursery Rhymes" was descriptive was that of *Nancy Ann Dressed Dolls (Nancy Ann Storybook Dolls, Inc., assignee, substituted) v. Ippolito*, 77 U.S.P.Q. 545. In this case the present appellant objected to Ippolito's application for registration of the trade-mark "Nursery Rhymes" for dolls; appellant here opposed on the ground that the trade-mark "Nursery Rhymes" was confusingly similar to its trade-marks "Storybook" and "Mother Goose" and that it (present appellant) in fact called some of the dolls manufactured by it "with names, characters, and jingles derived from the nursery rhymes and child story books familiar to children throughout the United States". Said names and characters so used by the appellant here include "Little Boy Blue", "Red Riding Hood", "Little Miss Muffett", "Jack and Jill" and "Little Bo Peep". It is interesting to note what appellant here had to say about such a mark as

erroneous, and due regard shall be given to the opportunity of the trial Court to judge of the credibility of the witnesses. The findings of a master, to the extent that the Court adopts them, shall be considered as the findings of the Court. If an opinion or memorandum of decision is filed, it will be sufficient if the findings of fact and conclusions of law appear therein. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rules 12 or 56 or any other motion except as provided in Rule 41 (b).

“Nursery Rhymes” when the shoe was on someone else’s foot. In this respect the Patent Office found that in its notice of opposition (Ex 55 page 5) the appellant here made the following contentions:

“The notice of opposition therefore appears to be based upon the confusion in trade clause of section 5 of the Trade Mark Act of 1905, and upon the alleged *descriptive or generic nature* of applicant’s mark. The Examiner of Interferences in sustaining the notice of opposition referred specifically to the allegations *that the mark sought to be registered ‘is a generic term,’ for such products and that ‘it cannot serve to identify its goods to the exclusion of the like products of the opposer.’ * * **”

In analyzing the above quotation, it is particularly interesting to find that in that litigation the present appellant considered such marks as “a generic term” for such products and that it cannot serve to identify its (applicant Ippolito’s) goods to the exclusion of the like products of the opposer (Nancy Ann). (This is directly opposite to the position which appellant takes in the suit here at bar.)

The position taken by the present appellant, when it was involved in the above cited opposition proceedings with respect to generic quality of the trade-mark “Nursery Rhymes”, is legally sound and applies with equal force to the trade-marks before this Court in the instant action; that is, “Red Riding Hood”, “Little Boy Blue”, “Little Miss Muffet”, “Jack and Jill”, and “Little Bo Peep”, and each of these trade-marks is “a generic term” for the particular character rep-

resented and cannot serve to identify appellant's or any other person's goods to the exclusion of the appellees or other members of the public.

As a matter of fact the Patent Office in the same case, at page 547, stated this rule in the following language:

“ ‘Certainly every producer of dolls is entitled freely to make and sell his conception of nursery rhyme characters familiar to all from childhood. *And it is fundamental that the common right to make any article is inseparable from the right to employ words which aptly describe it.* Singer v. June, 163 U.S. 169, 1896 C.D. 687. Beckwith v. Commissioner of Patents, 252 U.S. 538, 1920 C. D. 471. * * * ’ ”

Applying this rule to the appellee, Dolleraft Co., we find that the appellee, Dolleraft Co., is a producer of dolls and was entitled to make and sell its conception of nursery rhyme characters familiar to all from childhood and, therefore, appellee having the common right to make such character dolls has the inseparable right to employ names which aptly describe said dolls, so that the appellee, Dolleraft Co., has the unqualified right to describe its conception of Red Riding Hood with the descriptive name “Red Riding Hood” dolls and, likewise, to describe the other nursery rhyme characters with their common descriptive character names.

The nursery rhymes and fairy tales here involved are in the public domain as are the individual characters portrayed in these nursery rhymes. Anyone

has a legal right to reproduce either the nursery rhymes or the characters. Certainly, no one has a monopoly on the nursery rhyme or storybook character names that are in the public domain. As was said in *Walt Disney Productions, Inc., et al. v. Souvaine Selective Pictures, Inc., et al.*, 98 F. Supp. 774:

“* * * The plaintiffs claim that they have acquired property rights by reason of vast sums of money that they have expended in making their picture and in advertising it to the public, so that the title ‘Alice in Wonderland’ has acquired a secondary meaning. Admittedly the book ‘Alice in Wonderland’ is no longer subject to copyright and is as much in the public domain as are Shakespeare’s plays. Anyone has a legal right to make a picture based on Louis Carroll’s book and entitled ‘Alice in Wonderland.’”

The right to make a picture “Alice in Wonderland” unquestionably gives the right to reproduce the character “Alice”. Similarly, anyone has the right to reproduce the nursery rhymes or storybook characters in the public domain and call them by their character names.

Another interesting case recently decided by the Second Circuit Court of Appeals and involving the same type of trade-mark is that of *Durable Toy & Novelty Corporation v. J. Chein & Co., Inc., et al.*, 133 Fed. (2d) 853. In this case the facts and holdings were as follows:

“* * * The business of the plaintiff and of its predecessor (it will not be necessary to distin-

guish between them), has been and still is the manufacture of toy banks, which since 1907 it has continuously sold under three registered trade-marks, in all of which the most characteristic feature is the words, 'Uncle Sam's.' The banks have been marketed at between fifty-nine cents and two dollars and a half; that which has had the largest sale contained a registering device which automatically opens the bank when ten dollars have been deposited. The plaintiff has guaranteed all its banks against mechanical defects, has on occasion been called upon to respond, and has always done so. It has advertised very extensively for many years, and the mark may be assumed to have come to indicate to the buyers of toys for retail dealers generally throughout the country that the plaintiff makes any toy banks which bear it. The defendant, J. Chein & Co., Inc., makes tinware of various kinds, such as pails, dishes and the like; and in the early part of 1941, it added to these a rudely made tin toy bank, in shape and color made to imitate the hat which is part of the accredited costume of the figure, 'Uncle Sam.' A slit in the top received coins and the bottom was removable to take them out; upon the top was the legend: 'Uncle Sam Bank'. The retail price of this bank was only ten cents; the defendant, Woolworth Company, alone has sold it, but it has sold a very large number. Both defendants knew of the plaintiff's trade-mark during the period involved in the suit.

* * * * *

*** * * Where the name is personal or the mark is coined, it will be hard indeed for the newcomer

to find any excuse for invading it, even though his user does no more than vaguely confuse the reputation of the first user with his own; he has no lawful interest in adopting such a mark. But that is not this case; 'Uncle Sam' is part of the national mythology, not entirely unlike the flag, or any other part of our inherited patriotic paraphernalia; all have a measurable interest in its use. Indeed the very fact that it has been thought necessary to forbid the use of the flag for advertising, is evidence that the use had a value, 4 U.S.C.A. Sec. 3; Sec. 1425 (16) N.Y. Penal Law Consol. Laws N.Y.C. The figure and name of 'Uncle Sam' are not indeed the objects of the same national piety, but there is nevertheless apparently some advantage in exploiting them, and, while it remains lawful to do so, the advantage is not negligible. Balanced against any possible damage to the plaintiff's reputation among buyers for retailers, we think it should prevail. If the plaintiff had wished a truly proprietary sign, it needed only slight ingenuity to contrive one which would have protected it without question. It was not content with that; like the defendants, it wished to throw about its banks a vague implication of solidity, and at the same time to create a trade-mark. We do not say that even so it would be unable to prevent the actual appropriation of its customers; but we do hold that when there is no more at stake than a possible—and not very probable—cheapening of its reputation, it cannot deprive others of the same commercial advantage which led it originally to adopt a legend so commonly employed."

It is submitted that the employment by appellee, Dollcraft Co., of the descriptive names of nursery rhyme characters to identify its conception of those characters is entirely legal and proper and that by so doing appellee, Dollcraft Co., has not infringed upon any trade-mark rights of the appellant or unfairly competed with appellant. If there be any fault or cause of complaint on behalf of appellant it should be directed to appellant itself for picking such descriptive names for its products, knowing full well that these descriptive names of nursery rhyme characters were *publici juris* as a part of the mythology of the American public. It should have known that no one could secure the exclusive right to the use of such descriptive and mythological names as those of our nursery rhyme characters.

A very late decision by this Court establishes the impropriety of attempting to monopolize a name in the public domain. This Court in the case of *Chamberlain v. Columbia Pictures Corp.*, 186 F. (2d) 923, in discussing the name "Mark Twain" said:

"The District Court concluded that inasmuch as the story 'Jumping Frog of Calaveras County' was in the public domain and that there is also, in the public domain, other historic material with the name 'Mark Twain' which belongs to everybody and since there exists no exclusive right to the use of the name 'Mark Twain' there was no unfair competition in what appellee did.

* * * * *

"* * * We think the name Mark Twain is incapable of acquiring a secondary meaning in con-

nection with literary property. The name Mark Twain, from a literary standpoint, indicates only the writings of Samuel L. Clemens, which is a primary meaning.”

We can, therefore, summarize the point first, that the doll names given the dolls by the appellees are not distinctive but purely descriptive and *publici juris* and incapable of exclusive appropriation; second, they are not trade-marks in that they have no function and no intended function to distinctively point out and designate the origin or producer of the dolls.

DESCRIPTIVE NAMES, SUCH AS THE PARTICULAR NAMES OF NURSERY RHYME CHARACTERS, CANNOT BE ADOPTED AS TRADE-MARKS, NOR CAN SUCH NAMES ACQUIRE A SECONDARY MEANING AS A TRADE-MARK BY LONG, CONTINUED AND EXCLUSIVE USE, FOR TO GIVE THEM A SECONDARY MEANING IS TO GIVE SUCH CHARACTER NAMES THE FULL EFFECT OF A TRADE-MARK WHILE DENYING THEIR VALIDITY AS SUCH.

(a) **Descriptive names not subject to adoption as trade-mark.**

As is established by the record, appellant has adopted, with three exceptions, as alleged trade-marks for its dolls the names of nursery rhyme characters. The three exceptions are “Storybook”, “Story” and “June Girl”; said exceptions also being generically descriptive. It is fundamental that descriptive names cannot be adopted as trade-marks because everyone has the right to describe its product in the descriptive words which identify said product.

The District Court found as a fact (R 108-109) that the dolls to which the marks here involved were applied, were dressed so as to be the likeness of well-known fictional characters whose names they bear stating:

“16.

“The dolls produced by each party herein show themselves to have been designed, created and dressed so as to be the likenesses of well-known fictional characters whose names they bear.

“17.

“Each doll bearing the trade-marks here in issue is a manifestation of the fictional character itself whose name serves to identify and describe such doll.

* * * * *

“20.

“The names ‘Storybook’, ‘Goldilocks’, ‘Little Bo-Peep’, ‘June Girl’, ‘Mistress Mary’, ‘Curly Locks’, ‘Little Miss Donnett’, ‘Red Riding Hood’, ‘Little Miss Muffett’, and ‘Story’ are primarily descriptive and cannot be withdrawn from public use by adoption as a trade-mark.”

A Supreme Court case, wherein the prohibition of adopted, descriptive or geographic words as trade-marks was discussed, is that of *Del & H. Canal Co. v. Clark*, 13 Wall. 311. The trade-mark involved in this case was “Lackawanna coal” and the plaintiff mined its coal from the Lackawanna Valley and designated it “Lackawanna coal.” A considerable

time after the plaintiff initially adopted this trade-mark for its coal, the defendant, also mining coal from the Lackawanna Valley, called its coal "Lackawanna coal," and suit was brought by the plaintiff to enjoin defendant's infringement of its trade-mark.

"* * * No one can claim protection for the exclusive use of a trademark or trade name which would practically give him a monopoly in the sale of any goods other than those produced or made by himself. If he could, the public would be injured rather than protected, for competition would be destroyed. Nor can a generic name, or a name merely descriptive of an article of trade, of its qualities, ingredients or characteristics, be employed as a trademark and the exclusive use of it be entitled to legal protection. As we said in the well considered case of *Amoskeag Mfg. Co. v. Spear, supra*, 'the owner of an original trademark has an undoubted right to be protected in the exclusive use of all the marks, forms or symbols that were appropriated as designating the true origin or ownership of the article or fabric to which they are affixed; but he has no right to the exclusive use of any words, letters, figures, or symbols which have no relation to the origin or ownership of the goods, but are only meant to indicate *their names* or quality. He has no right to appropriate a sign or a symbol which from the nature of the fact it is used to signify, others may employ with equal truth and, therefore, have an equal right to employ for the same purpose.' * * *

* * * * *

"* * * It is only when the adoption or imitation of what is claimed to be a trade-mark

amounts to a false representation, express or implied, designated or incidental, that there is any title to relief against it. True, it may be that the use by a second producer, in describing truthfully his product, of a name or a combination of words already in use by another, may have the effect of causing the public to mistake as to the origin or ownership of the product; but if it is just as true in its application to his goods as it is to those of another who first applied it and who therefore claims an exclusive right to use it, there is no legal or moral wrong done. Purchasers may be mistaken, but they are not deceived by false misrepresentations, and equity will not enjoin against telling the truth."

As Judge Roche said (R 100) in his opinion below:

"No one can claim protection for the exclusive use of a trade-mark or trade name which would practically give him a monopoly in the sale of any goods other than those produced or made by himself. If he could, the public would be injured rather than protected, for competition would be destroyed. Nor can a generic name, or a name merely descriptive of an article of trade, of its qualities, ingredients, or characteristics, be employed as a trade-mark and the exclusive use of it be entitled to legal protection.' This Court finds that all of the other names claimed and registered as trade-marks by Nancy Ann, and which are in issue here, are incapable, inherently and because of the two rules just expressed, of functioning as valid trade-marks in their application by Nancy Ann."

The Ninth Circuit Court followed the *Del. & H. Canal Co. v. Clark* rule in the case of *Jell-Well Dessert Co. v. Jell-X-Cell Co., Inc.*, 22 Fed. (2d) 522, 9 C.C.A. In this case the plaintiff owned the trade-mark registration "Jell-Well" for a gelatinous dessert and charged that the defendant selling a similar product under the trade-mark "Jell-X-Cell" infringed its trade-mark. The Ninth Circuit Court of Appeals held that the trade-mark "Jell-Well" was descriptive and, therefore, invalid, stating the following:

"The question upon which the case turns is whether or not plaintiff's trade-mark 'Jell-Well' was entitled to registration under the United States Trade-Mark Act (Act Feb. 20, 1905 [Sec. 4939, U.S.R.S.]), which provides:

"* * * No mark by which the goods of the owner of the mark may be distinguished from other goods of the same class shall be refused registration as a trade-mark on account of the nature of such mark: * * * Provided, that no mark which consists merely in the name of an individual, * * * or merely in words or devices which are descriptive of the goods with which they are used, or of the character or quality of such goods, or merely a geographical name or term, shall be registered under the terms of this act.' Barnes' Fed. Code, § 8994 (15 U.S.C.A. § 85).

"Many cases might be cited in support of the principle, sustained by the Supreme Court as founded on reason and authority, that there can be no appropriation of a name which is descriptive of an article of trade, its qualities or in-

redients, or any word, letters or symbols which others may employ with equal truth, and as a consequence have an equal right to use for the same purpose. Canal Co. v. Clark, 13 Wall. (80 U.S.) 311, 20 L.Ed. 581; Standard Paint Co. v. Trinidad Asphalt Co., 220 U. S. 446, 31 S. Ct. 456, 55 L.Ed. 536.

* * * * *

“* * * The commodities manufactured and sold by plaintiff and defendant are for making desserts. They are a powder made from a gelatine base, which is flavored, and after preparation can be used as an article of diet. Gelatine, made from bones and tissues of animals, is made into a powder, to which hot water is added to dissolve the powder; then the mixture is set to cool, and in a short time develops into a jelly. As the jellied substance must be attractive to the eye and taste, it is, of course, necessary that the gelatine used must jell well; that is, it must be of sufficient firmness to present an attractive appearance. Plainly, therefore, a very necessary quality of the gelatinous dessert product is that it shall jell well, and it is that particular quality that is described in the word ‘Jell-Well.’

* * * * *

“* * * We regard the word ‘Jell-Well’ as primarily descriptive; hence it cannot be withdrawn from public use by adoption as a trademark. Computing Scale Co. v. Standard Computing Scale Co. (C.C.A.) 118 F. 965; Franklin Knitting Mills v. Fashionit Sweater Mills (D.C.) 297 F. 247; Nims on Trade-Marks, p. 392; Vacuum Oil Co. v. Climax (C.C.A.) 120 F. 254.”

It is submitted that the trade-marks "Lackawanna coal" for Lackawanna coal or "Jell-Well" for a dessert that jells well is no different than calling a Red Riding Hood doll "Red Riding Hood" or a storybook character doll a "Storybook Doll". As this Court stated in its Jell-Well opinion, "Any words, letters or symbols which others may employ with equal truth" for the same purpose can be used.

In other words, no words can be appropriated as a valid trade-mark which, from the nature of the fact conveyed by its primary meaning, others may employ with equal truth, and with equal right for the same purpose. This rule was very clearly stated and properly applied by the Supreme Court in the case of *Standard Paint Company v. Trinidad Asphalt Manufacturing Company*, 31 S.Ct. 456, 220 U.S. 446, wherein the trade-mark involved was "Ruberoid" for a roofing paper. The plaintiff had employed this trade-mark in its business for a period of twelve (12) years prior to the time that the defendant entered the field. The defendant called its product "Rubbero". The Court, in holding that the trade-mark was descriptive and that the name "Ruberoid" was impossible of adoption as a trade-mark, stated:

*** * * The court said: 'A public right in rubberoid and a private monopoly of rubberoid cannot coexist.' The court expressed the determined and settled rule to be 'that no one can appropriate as a trademark a generic name or one descriptive of an article of trade, its qualities, ingredients, or characteristics, or any sign, word, or symbol which, from the nature of the fact it

is used to signify, others may employ with equal truth.' * * * It was said by the chief justice, speaking for the court, that 'the term (trade-mark) has been in use from a very early date; and, generally speaking, means a distinctive mark of authenticity, through which the products of particular manufacturers or the vendible commodities of particular merchants may be distinguished from those of others. It may consist in any symbol or in any form of words; but as its office is to point out distinctively the origin or ownership of the articles to which it is affixed, it follows that no sign or form of words can be appropriated as a valid trademark which, from the nature of the fact conveyed by its primary meaning, others may employ with equal truth, and with equal right, for the same purpose.' *Elgin Nat. Watch Co. v. Illinois Watch Case Co.*, 179 U.S. 665, 673, 45 L.Ed. 365, 378, 21 Sup. Ct. 270."

- (b) **Federal trade-mark registration does not alter inability to adopt descriptive name as trade-mark.**

The fact that appellant had acquired registrations on its alleged trade-marks here involved gives it no better standing because it has long been recognized that a registered trade-mark is not valid when the mark is used merely to describe the product or its characteristics. Certainly, the marks "Red Riding Hood", "Little Bo-Peep", "Little Miss Muffett", "Story-book" and the other marks employed by appellant are descriptive of the product and the product's characteristics. This rule was clearly expressed in the late case of *National Nu Grape Co. v. Guest*, 164 Fed. (2d)

874. In this case the trade-mark of plaintiff, which was registered in the United States Patent Office, was "NuGrape", said registration being under the Act of 1905. The defendant used the trade-mark "Tru-Grape". Both trade-marks are applied to a grape drink. The Court, in holding that plaintiff's trade-mark and registration was invalid because the same was descriptive, stated:

"It is well established that the mere registration of a term as trade-mark does not establish that term as a valid trade-mark. Registration gives rise to a presumption of validity but such presumption is rebuttable. When a trade-mark is questioned, its validity must be established. It has long been recognized that a registered trade-mark is not valid when the term used is merely descriptive of the product, or of its ingredients, qualities or characteristics. The gist or value of the trade-mark is to signify the origin or source of a product; to provide a symbol for the article to aid the manufacturer in advertising and selling. A descriptive mark is bad for two reasons: First, because it does not advise the public that the article comes from a single source; and, second, that if so, since the word is descriptive of the goods, the protection of the word as a trade-mark would be an infringement upon common speech, which, in the use of the word, likewise is descriptive."

Another late case that is applicable to the present situation is that of *Wilhartz v. Turco Products, Inc.*, 164 Fed. (2d) 731. In this case the plaintiff filed a complaint for declaratory judgment as to the right

of the plaintiff to use the mark "Auto Shampoo" and for injunction against the defendant's interference with plaintiff's use thereof. The defendant filed an answer and counterclaim in which it claimed valid Federal trade-marks registered to "Auto Shampoo" and "Car Shampoo", the registration of the latter under the law of Illinois, and alleged infringement by the plaintiff of both marks by the use of "Hurricane Auto Shampoo". The defendant marked its products with the trade-mark "Turco" and associated images with the words "Auto Shampoo" or "Car Shampoo" below. This is similar to the defendant's practice in the instant case where it employs their trade-mark "Nancy Ann" in conjunction with the alleged marks here involved. The Court, in holding that the defendant's trade-marks and registration were invalid, stated:

" 'Auto Shampoo' and 'Car Shampoo' have no subtle or fanciful meaning to us. 'Auto' and 'Car' when used with 'Shampoo' suggest only one thing to our minds, namely, some preparation for washing an automobile. These words are merely descriptive of the product to which the defendant has applied them. This seems quite apparent to us from the use made of the word 'Turco' and the associated images which predominate the design and on which design in smaller letters below are printed or pasted the words 'Auto Shampoo' or 'Car Shampoo.' For what purpose is this done? For the obvious purpose of describing the nature of the defendant's product. 'Turco' and the Turk's head and the scimitar are used to designate hundreds of the defendant's products. The

identifying descriptive words applying to the various products are inserted in less conspicuous type. Such words, so obviously merely descriptive, cannot be the subject of a valid trade-mark. *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526, 44 S. Ct. 615, 68 L. Ed. 1161; *Skinner Mfg. Co. v. Kellogg Sales Co.*, 8 Cir., 143 F. (2d) 895.”

- (c) **Secondary meaning cannot attach to descriptive name and the District Court found as a fact that the marks here involved have not acquired a secondary meaning.**

As a matter of fact, there is a complete lack of proof of secondary meaning, the District Court finding (R 113-114) :

“36.

“The defendant-counter-claimant has failed to establish by any evidence that the names ‘Storybook’, ‘Goldilocks’, ‘Little Bo-Peep’, ‘June Girl’, ‘Mistress Mary’, ‘Curly Locks’, ‘Little Miss Donnett’, ‘Red Riding Hood’, ‘Little Miss Muffett’, and ‘Story’, have become known to the public or to dealers as denoting a product of defendant-counter-claimant.

“37.

“The evidence is insufficient to establish that the names ‘Storybook’, ‘Goldilocks’, ‘Little Bo-Peep’, ‘June Girl’, ‘Mistress Mary’, ‘Curly Locks’, ‘Little Miss Donnett’, ‘Red Riding Hood’, ‘Little Miss Muffett’, and ‘Story’, have acquired a secondary meaning denoting defendant-counter-claimant as the source of the dolls to which they are applied.”

There can be no doubt that the question of whether or not a trade-mark has acquired a secondary meaning is a question of fact and the burden of proving secondary meaning is upon the one who asserts it.

Can it be said, in view of appellant's failure to produce any evidence of secondary meaning that said Findings of Fact 36 and 37 are clearly erroneous? Due to such failure to sustain the burden of proof because of complete lack of evidence to establish secondary meaning, we submit that these findings are correct and such findings should not be set aside.

The Supreme Court, in discussing the establishment of secondary meaning to the trade-mark "Shredded Wheat", said that *the trade-mark owner had to establish* that the primary significance of the mark in the minds of the consuming public is not the product but the producer. In this respect the Supreme Court stated the rule in this way:

"* * * But to establish a trade name in the term 'shredded wheat' the plaintiff must show more than a subordinate meaning which applies to it. It must show that the primary significance of the term in the minds of the consuming public is not the product but the producer. This it has not done. The showing which it has made does not entitle it to the exclusive use of the term shredded wheat but merely entitles it to require that the defendant use reasonable care to inform the public of the source of its product."

Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 59 S.Ct. 109, 113.

It is submitted therefore that the findings of fact that no secondary meaning attached to the appellant's marks are not clearly erroneous and therefore should not be set aside.

Again the principle against the use of descriptive words as a trade-mark was expressed in the recent case of *Skinner Mfg. Co. v. Kellogg Sales Co.*, 143 Fed. (2d) 895. Here the facts were that the plaintiff adopted and owned the trade-mark "Raisin-BRAN" and registered the same in the United States Patent Office under the Trade-Mark Act of 1920. The defendants, General Foods Sales Co., Inc., and the Kellogg Company, manufactured bran flakes containing raisins and called their marks "Post's Raisin Bran" and "Kellogg's Raisin 40% Bran Flakes", respectively. Plaintiff sued defendants for trade-mark infringement and the Court held that the trade-mark "Raisin-BRAN" was descriptive, stating:

"The name 'Raisin-BRAN' is descriptive of ingredients of appellant's breakfast food. Without the raisins the product would appropriately have been called 'bran flakes' or 'bran'. With the raisins it was 'raisin bran' in the same sense that pie containing raisins is 'raisin pie,' that bread containing raisins is 'raisin bread', and that muffins containing raisins are 'raisin muffins'. At the time the appellant originated its product anyone was free to mix raisins with bran flakes and to call the combination 'raisin bran'. The name 'Raisin-BRAN' could not be appropriated as a trade-mark, because 'A name which is merely descriptive of the ingredients, qualities or characteristics of an article of trade cannot be appro-

priated as a trade-mark and the exclusive use of it afforded legal protection. The use of a similar name by another to truthfully describe his own product does not constitute a legal or moral wrong, even if its effect be to cause the public to mistake the origin or ownership of the product. * * * * * Concededly, the appellees had the right to market their products in competition with the appellant. Having that right, they also had the right to call their products 'Raisin Bran', that being an appropriate, if not the most appropriate, description of them. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 116, 117, 59 S. Ct. 109, 83 L. Ed. 73.

"The appellant contends that the evidence conclusively shows that the name 'Raisin-BRAN' had been so long used and so exclusively appropriated by it as the name of its product that the name had come to mean to the trade the particular product of appellant, and that the name had therefore acquired a secondary meaning, the effect of which was to give to the appellant the exclusive right to use it and its equivalents.

* * * * *

"It seems to us, as it did to the trial court, that the name 'Raisin-BRAN' was not shown to have acquired such a secondary significance as would justify denying to the appellees the right to use the words 'Raisin Bran' in describing their products. To preclude the appellees from using those words would be to give the name 'Raisin-BRAN' the full effect of a trade-mark, while denying its validity as such. *Standard Paint Co. v. Trinidad Asphalt Mfg. Co.*, supra, 220 U.S. at page 461, 31 S. Ct. at page 460, 55 L. Ed. 536."

It must be remembered that appellant herein offered absolutely no evidence to establish a secondary meaning in its trade-marks.

(d) **Character names for dolls are descriptive.**

It is submitted that the generically descriptive character names of "Red Riding Hood", "Little Bo-Peep", "Little Miss Muffett" and the other names employed by appellant could, under no circumstances, delineate merely the origin or ownership of the goods of a particular manufacturer because of the fact that they have been too long associated with the well-known nursery rhyme characters which have been *publici juris* and for years and years have been a part of the mythology of the American public. Therefore, no one can acquire the exclusive right to the use of such descriptive names as a trade-mark.

The Court of Appeals for the Second Circuit in the case of *Durable Toy & Novelty Corporation v. J. Chein & Co., Inc., et al.*, 133 F. (2d) 853, 855, in discussing the trade-mark "Uncle Sam", had this to say:

"* * * Where the name is personal or the mark is coined, it will be hard indeed for the newcomer to find any excuse for invading it, even though his user does no more than vaguely confuse the reputation of the first user with his own; he has no lawful interest in adopting such a mark. But that is not this case; 'Uncle Sam' is a part of the national mythology, not entirely unlike the flag, or any other part of our inherited patriotic paraphernalia; all have a measurable interest in its

use. Indeed the very fact that it has been thought necessary to forbid the use of the flag for advertising, is evidence that the use had a value, 4 U.S.C.A. § 3; § 1425 (16) N.Y. Penal Law Consol. Laws N.Y.C. The figure and name of 'Uncle Sam' are not indeed the objects of the same national piety, but there is nevertheless apparently some advantage in exploiting them, and, while it remains lawful to do so, the advantage is not negligible. Balanced against any possible damage to the plaintiff's reputation among buyers for retailers, we think it should prevail. If the plaintiff had wished a truly proprietary sign, it needed only slight ingenuity to contrive one which would have protected it without question. * * *

This particular principle of law was succinctly expressed by the Court of Appeals for the Third Circuit in the case of *Cridlebaugh v. Rudolph*, 131 Fed. (2d) 795. The trade-mark involved in this case was "Specs" on blinders to be used on chickens. The Court, in expressing the rule, stated:

"The purpose of a trade-mark is to indicate the origin or ownership of the particular goods to which it is affixed. *Elgin National Watch Company v. Illinois Watch Case Company*, 179 U.S. 665, 673, 21 S. Ct. 270, 45 S. Ct. 365. Inasmuch as the meaning of a descriptive word cannot be so delimited as to describe merely the origin or ownership of the goods of a particular manufacturer, no one can acquire the exclusive right to the use of such a word as a trade-mark. *Canal Company v. Clark*, 13 Wall. 311, 80 U.S. 311, 323, 20 L. Ed. 581. In short, a mark which is no more

than descriptive is not a valid trade-mark at common law. *William R. Warner & Company v. Eli Lilly & Company*, 265 U.S. 526, 528, 44 S. Ct. 615, 68 L. Ed. 1161; *New York & New Jersey Lubricant Co. v. O. W. Young*, Err. & App., 84 N.J. Eq. 469, 470, 94 A. 570; *Mississippi Wire Glass Co. v. Continuous Glass Press Co.*, Ch. 79 N.J. Eq. 277, 279, 81 A. 374; *Restatement, Torts (1938), Sec. 721*. Nor may the word, being merely descriptive, be said to acquire a preemptive secondary meaning. *Mississippi Wire Glass Co. v. Continuous Glass Press Co.*, loc. cit. supra. In this case the word 'Specs' is but a figurative description of the plaintiff's articles of manufacture and does not grow out of either the origin or ownership of the goods. The designation, therefore, does not entitle the plaintiff to the exclusive use of the word or its synonyms.

* * * * *

"Likewise, the failure to establish a case of trade-mark infringement is fatal to the plaintiff's claim of unfair competition for the latter is based entirely upon the defendant's use of the word 'Goggles.'"

The character names here involved are similar to the name "Mark Twain" of which this Court said:

"We think the name Mark Twain is incapable of acquiring a secondary meaning in connection with Literary Property. The name Mark Twain, from a literary standpoint, indicates only the writings of Samuel L. Clemens, which is a primary meaning."

Chamberlain v. Columbia Pictures Corp., 186 F. (2d) 923.

Even though the name "Mark Twain" was used in connection with literary property, the rule of law stated by this Court respecting incapability of acquiring a secondary meaning is here applicable. "Red Riding Hood," "Little Miss Muffett," "Little Bo-Peep", "Mistress Mary", "Little Miss Donnett", "Curly Locks", and "Goldilocks", all, when used to identify a doll representing a fictional nursery rhyme or storybook character, are used in their primary meaning.

THE APPELLEES HAVING THE RIGHT TO IDENTIFY THEIR DOLL PRODUCTS WITH THEIR DESCRIPTIVE NURSERY RHYME CHARACTER NAMES CANNOT BE GUILTY OF UNFAIR COMPETITION.

After quite a bit of prodding, Mr. Rowland on his cross-examination finally admitted at R 393 that the dress of appellee Dollcraft Co.'s packages for their dolls was not similar to that of appellant. This testimony was drawn from Mr. Rowland with considerable difficulty and is as follows:

"Q. I call your attention to your deposition of page 70, commencing on line 12:

'Q. Now, before recess we were discussing the similarity between the dolls put out by the plaintiff and the dolls put out by the defendant under the various names of fictional characters as designated in the pleadings, and inquired into the similarity and appearance of them, and I should like to ask you at this time, you do not contend that there is any similarity in the appearance of the packages?

A. No, sir, I do not.'

Wasn't that question asked and that answer given?

A. That is correct; there is no similarity in the likeness of the boxes, but it is the overall idealogy that has been copied."

Also at R 392 Mr. Rowland testified in this manner:

"Q. For example, let's take part of them. You don't package your dolls in bottles?

A. No, I should say not."

It is also true that the appellee, Dollcraft Co.'s name appears prominently on each of the packages in which is packed its dolls (for example see Exhibits 30-42), and no one can be confused in purchasing one of appellees' dolls that it is a product of Nancy Ann Storybook Dolls, Inc.

The basis of appellant's charge of unfair competition as against appellees rests upon infringement by appellees of appellant's alleged trade-marks. If the charge of trade-mark infringement fails, which, under the authorities above cited, it must, then there is no ground upon which to charge the appellees with unfair competition. If there is some confusion by reason of the fact that two people use descriptive language in truthfully identifying their product, such confusion, in the absence of false representations and fraud, is not actionable.

On this point the District Court found (R 114):

"38.

"Both parties hereto are producing dolls of similar size and common conception. There is a

natural resemblance between their products which may result in mistake as to origin or ownership. No fraudulent representations with respect to the origin of the products of plaintiff-counter-defendant have been made.”

The Supreme Court so held in *Del. & H. Canal Co. v. Clark*, 13 Wall. 311, where it stated:

“* * * True, it may be that the use by a second producer, in describing truthfully his product, of a name or a combination of words already in use by another, may have the effect of causing the public to mistake as to the origin or ownership of the product; but if it is just as true in its application to his goods as it is to those of another who first applied it and who therefore claims an exclusive right to use it, there is no legal or moral wrong done. Purchasers may be mistaken, but they are not deceived by false misrepresentations, and equity will not enjoin against telling the truth.”

The case of *Cridlebaugh v. Rudolph*, 131 Fed. (2d) 795, expresses the rule in the following language:

“Likewise, the failure to establish a case of trade-mark infringement is fatal to the plaintiff’s claim of unfair competition for the latter is based entirely upon the defendant’s use of the word ‘Goggles’.”

The Supreme Court in the case of *William R. Warner & Co. v. Eli Lilly & Co.*, 44 S.Ct. 615, 616, wherein the facts were that the plaintiff began in 1899 to manufacture a liquid preparation of quinine in

combination with chocolate and marketed it under the name of "Coco-Quinine," held said mark descriptive and invalid. In said case defendant, in 1906, began the manufacture of a liquid preparation which was substantially the same as plaintiff's and put it upon the market under the name of "Quin-Coco". The Supreme Court, in holding that the name "Coco-Quinine" and also the name "Quin-Coco" were descriptive and even though confusion might result between the two names no damage resulted, stated:

"* * * A name which is merely descriptive of the ingredients, qualities or characteristics of an article of trade cannot be appropriated as a trade-mark and the exclusive use of it afforded legal protection. The use of a similar name by another to truthfully describe his own product does not constitute a legal or moral wrong, even if its effect be to cause the public to mistake the origin or ownership of the product. * * *"

Still another late case in point is that of *Coca-Cola Co. v. Snow Crest Beverages, Inc.*, 162 Fed. (2d) 280. In this case the defendant employed the trade-mark "Polar Cola" while plaintiff owned the trade-mark "Coca-Cola". The defendant sold its Polar Cola to bars, and when people who were customers of the bars asked for a Cuba Libre or Rum and Cola or "Coke", on occasions the bartenders would substitute Polar Cola for Coca-Cola. The Court, in discussing the question of whether or not this amounted to unfair competition on behalf of the defendant, stated the following:

“* * * All the defendant did, therefore, to make substitution by bartenders possible was to manufacture a drink almost if not quite identical with the plaintiff's, which it had an established legal right to do, and all it did to make such substitution likely was to sell its drink at about half the price of the plaintiff's, which it certainly was within its rights in doing. It seems to us to go without saying that such conduct on the defendant's part falls far short of constituting the legal wrong described in *Warner & Co., v. Lilly & Co.*, 265 U.S. 526, 530, 531, 44 S. Ct. 615, 68 L. Ed. 1161, of designedly enabling and inducing its retail dealers to defraud their customers by palming its product off on them as the plaintiff's.”

As the Commissioner of Patents said in the case of *Nancy Ann Dressed Dolls v. Ippolito*, 77 U.S.P.Q. 545, 547:

“‘Certainly every producer of dolls is entitled *freely* to make and sell his conception of nursery rhyme characters familiar to all from childhood. And it is fundamental that the common right to make any article is inseparable from the right to employ words which aptly describe it.’”

It is submitted that the appellees herein cannot be guilty of unfair competition due in any respect to the fact that appellee Dollcraft Co. employs descriptive character names from the Nursery Rhymes or children's storybooks for their dolls.

VALIDITY OR INVALIDITY OF APPELLANT'S TRADE-MARKS
NOT IN ISSUE WHEN APPELLANT WAS INVOLVED IN
OPPOSITION PROCEEDINGS BEFORE THE PATENT OFFICE,
BUT EXAMINER IN PATENT OFFICE CAN RULE ON PRO-
PRIETY OF APPLICANT'S MARK IN SUCH PROCEEDINGS.

The appellant, on page 25 of its brief, admits that in the opposition proceedings before the Patent Office the validity of its trade-marks could not be attacked, where it stated:

“The validity of the Nancy Ann registrations was not an issue before the Court, and could not be passed upon.”

It is true, however, that in an opposition proceeding, as in the *Ippolito* proceedings herein referred to, the examiner and the Commissioner of Patents have the right to review the propriety of issuing a registration on an application then pending before the Patent Office because in such a case the Patent Office still has jurisdiction of the pending application and can, therefore, refuse registration of said application on a basic ground such as descriptiveness.

This rule is clearly enunciated in the case of *Nancy Ann Dressed Dolls (Nancy Ann Storybook Dolls, Inc., assignee substituted) v. Ippolito*, 77 U.S.P.Q. 545-546, as follows:

“In addition to finding that opposer was entitled to maintain its opposition for the foregoing reasons, the Examiner of Interferences proceeded ex parte to consider applicant's mark and to refuse it on the ground of its descriptiveness. This ex parte holding is challenged, it being contended that the words are not descriptive of the goods and that neither the Examiner of

Interferences nor this Office on appeal has authority to make such ex parte ruling in such a matter.

“As to the right of the examiner to consider this ex parte issue with reference to applicant’s mark there can be no question but that it is not only the examiner’s right but his duty to consider this in an appropriate case. *Schering & Glatz, Inc. v. Sharp & Dohme, Incorporated*, 32 C.C.P.A. 827, 146 F.2d 1019 (64 USPQ 394), *Columbia Broadcasting System, Inc. v. Technicolor Motion Picture Corporation (C.C.P.A.)*, 166 F.2d 941, 77 USPQ 160.

“* * * It is therefore clear that it was not only the examiner’s right but his duty to determine this point without reference to the issues of the opposition proceeding so that an apparent prima facie exclusive right to such descriptive term might not be granted to applicant in the event of any disagreement with the holding as to opposer’s rights to sustain the opposition.”

APPELLANT, BY SENDING THREATENING LETTERS TO NUMEROUS CUSTOMERS OF APPELLEE, DOLLCRAFT CO., FORCED SAID APPELLEE TO ACT IMMEDIATELY TO PROTECT ITS TRADE.

The appellant was not satisfied with sending a notice of infringement to appellee, Dollcraft Co., but sent numerous threatening letters to customers of appellee, Dollcraft Co. (R 201-206.) As was natural, in such cases, these threatening letters were immediately referred to appellee, Dollcraft Co., and, in

many instances, the appellant's conduct resulted in appellee Dollcraft Co.'s customers returning merchandise to said appellee, Dollcraft Co. (R 201-206, inclusive.) Appellant timed the sending of these letters so they would coincide with the 1949 Christmas buying rush. Appellant undoubtedly knew that its action in sending such threatening letters would have the result of causing customers of appellee, Dollcraft Co., to return merchandise. If appellant had a legitimate complaint against the appellees herein, the simple course for it to follow would have been to file an action for trade-mark infringement to determine its rights in the premises.

The contentions made by appellant in its brief, under the heading, "Appellees Have Planned And Pursued A Deliberate Course of Unfair Competition", is nothing but pure fabrication.

It is noteworthy that although appellant in this chapter of its brief, covering fifteen pages, makes numerous statements with respect to factual matters, there is not a single reference to the transcript in support of such matters. The entire charge is made out of "whole cloth".

The District Judge, after hearing the evidence, made the following findings of fact (R 112-116):

"29.

"Plaintiff-counter-defendant, Dollcraft Co., first packaged its dolls in individual cardboard boxes which had a red top and a white bottom. Later it began using and now uses a box with a white

bottom and a transparent, acetate top and also, for one series of its dolls, uses individual glass bottle containers.

“30.

“Plaintiff-counter-defendant, Dollcraft Co., beginning in 1946 or 1947, applied to the red-topped boxes containing its dolls, a gummed label or seal on which the following words appeared: ‘Globe Trotters, Doll-Craft Co., San Francisco, California.’ Later the boxes were rubber-stamped with the words, ‘Dollcraft Company, Santa Clara, California.’ The lids of the glass containers have, since they were first used in 1949, contained the words, ‘Dolls With a Story by Dollcraft, Santa Clara, California.’

“31.

“Defendant-counter-claimant packages its dolls in individual white cardboard boxes printed on which, in multiple diagonal lines, are the words, ‘Nancy Ann Storybook Dolls,’ between which lines are additional parallel lines of large polka dots with both the words and the polka dots printed in a single color.

“32.

“The packages in which plaintiff-counter-defendant, Dollcraft Co., sells its dolls are clearly distinguishable from the packages in which defendant-counter-claimant sells its dolls.

“33.

“There is no likelihood of mistaking the packages of plaintiffs-counter-defendants for those of

defendant-counter-claimant nor the origin of such packages.

* * * * *

“38.

“Both parties hereto are producing dolls of similar size and common conception. There is a natural resemblance between their products which may result in mistake as to origin or ownership. No fraudulent representations with respect to the origin of the products of plaintiff-counter-defendant have been made.

“39.

“That the evidence fails to show any likelihood of confusion in the ultimate customers between the products of plaintiff-counter-defendant, Dollcraft Co., and the products of defendant-counter-claimant, Nancy Ann Storybook Dolls, Inc.

“40.

“There is no evidence that there was any confusion in the trade between the products of defendant-counter-claimant and the plaintiffs-counter-defendants.

“41.

“There is no evidence that there was any likelihood of confusion in the trade between the products of defendant-counter-claimant and the plaintiffs-counter-defendants.

“42.

“In October, 1949, two retail stores advertised plaintiff-counter-defendant, Dollcraft Co.’s dolls,

including 'Red Riding Hood,' 'Little Bo-Peep,' and 'Sugar and Spice' under the names of 'Story Dolls' and 'Story Book Dolls.' Immediately thereafter, defendant-counter-claimant served notices of alleged trade-mark infringement upon plaintiff-counter-defendant, Dollcraft Co., and certain customers of said plaintiff-counter-defendant, including the two stores which had so advertised, demanding that plaintiff-counter-defendant, Dollcraft Co., and its customers cease their trade-mark infringement and unfair competition and account for all profits derived from such practices.

“43.

“There is no evidence in the record that plaintiffs-counter-defendants practiced any fraud against defendant-counter-claimant in the manufacture and sale of its doll products.

“44.

“There is no evidence in the record that plaintiff-counter-defendant, Dollcraft Co., has represented by marks, signs, labels, colors, packages or in any other way that its dolls are manufactured by defendant-counter-claimant; on the contrary, the evidence shows that plaintiff-counter-defendant, Dollcraft Co., identifies its products by its own name clearly and unmistakably.

“45.

“The evidence establishes that as between the products of plaintiff-counter-defendant, Dollcraft Co., and defendant-counter-claimant that the dissimilarities outweigh the similarities, and plain-

tiff-counter-defendant, Dollcraft Co., has not unfairly competed with defendant-counter-claimant and has the right to use the descriptive names 'Storybook,' 'Goldilocks,' 'Little Bo-Peep,' 'June Girl,' 'Mistress Mary,' 'Curly Locks,' 'Little Miss Donnett,' 'Red Riding Hood,' 'Little Miss Muffet,' and 'Story.'

“46.

“That the evidence establishes that the plaintiff-counter-defendant, Dollcraft Co., did not unfairly compete with defendant-counter-claimant.

“47.

“That the evidence establishes that plaintiff-counter-defendant, Lester F. Hinz, did not unfairly compete with defendant-counter-claimant.

“48.

“That the evidence establishes that the plaintiff-counter-defendant, Robert E. Kerr, did not unfairly compete with defendant-counter-claimant.”

The findings were made after the District Court heard and saw the witnesses testify, and they are neither contrary to the evidence nor are they clearly erroneous; therefore they must stand.

Certainly, the appellant's unsupported statements, wholly fabricated, can carry no weight to overthrow the findings of the District Court. The attempts of appellant to create, without record references, a “straw man” in support of its fictional theory is entitled to no weight.

The statement that appellee, Dollcraft Co., had a complaint ready to file is ridiculous and is entirely without foundation. The fact is that when a number of appellee Dollcraft Co.'s customers received notices of trade-mark infringement and unfair competition from appellant, they naturally notified said appellee and demanded that the merchandise be returned. (R 201 to 206.) It was necessary for appellee, Dollcraft Co., to act immediately or be put out of business.

If appellant thought it had been damaged and desired to pursue the proper remedy, it should have followed the normal course and filed a complaint against appellee, Dollcraft Co.,—not send a multitude of notices threatening customers—to destroy its business.

In the case of *Robbins v. Ira M. Petersime & Son*, 51 Fed. (2d) 174, 178, the Court of Appeals for the Tenth Circuit, in condemning the practice of sending customers threatening letters, said:

“To be sure, plaintiffs had a right to sue any and all the users of defendant’s incubators as long as they acted in good faith, but several letters of plaintiffs’ counsel written to defendant’s users were more than notices of an intention to sue the addressee as an infringer. They contained demands and were in the nature of threats; * * *”

A case quite similar to the present one is that of *Thierfeld et al. v. Postman’s Fifth Avenue Corporation, et al.*, 37 Fed. Supp. 958. In this case the trade-mark involved was “Corde” for embroidery. The Court, in discussing the descriptiveness of the mark

and holding that the sending of threatening letters was improper, stated:

“It is stated therein that ‘Corde’ is a well known type of embroidery which is also known by similar sounding words; that such words have been commonly and extensively used in France and in the United States to describe it; that for many years plaintiffs’ trade-mark has been *publici juris*, used by defendants and others and is considered a common word; that plaintiffs, with knowledge of the above, appropriated the word, registered it under the 1920 Act, claim exclusive rights thereto, and wrongfully threaten defendants, and defendants’ customers and others with suit, etc.

* * * * *

“* * * The right existed at common law to enjoin a person from wrongfully asserting title to a word which was public property, and from interfering with the business and rights of others. *Glen & Hall Mfg. Co. v. Hall*, 61 N.Y. 226, 19 Am. Rep. 278. Threatening defendants’ customers with infringement suits, when done in bad faith would sustain the granting of an injunction. *Warren Featherbone Co. v. Landauer*, C.C., 151 F. 130.”

APPELLEES, LESTER F. HINZ AND ROBERT E. KERR, ARE NOT GUILTY OF TRADE-MARK INFRINGEMENT OR UNFAIR COMPETITION.

It is submitted that the said Lester F. Hinz and Robert E. Kerr are not guilty of trade-mark infringement or unfair competition.

Based on the evidence the District Court found (R 115-117) :

“43.

“There is no evidence in the record that plaintiffs-counter-defendants practiced any fraud against defendant-counter-claimant in the manufacture and sale of its doll products.”

* * * * *

“49.

“That the evidence establishes that plaintiff-counter-defendant, Lester F. Hinz, did not infringe valid trade-mark rights of defendant-counter-claimant.

“50.

“That the evidence establishes that plaintiff-counter-defendant, Robert E. Kerr, did not infringe valid trade-mark rights of defendant-counter-claimant.

“51.

“That the evidence fails to establish that plaintiff-counter-defendant, Dolleraft Co., is the alter ego of plaintiffs-counter-defendants, Lester F. Hinz and Robert E. Kerr.”

The basis of appellant's contention to the contrary (Brief for Appellant, page 34) is that confidential information was secured by Lester F. Hinz and Robert E. Kerr from appellant, and also that Lester F. Hinz and Robert E. Kerr were instrumental in organizing Dolleraft Co. as their alter ego to avoid individual liability. With respect to the first contention,

the testimony of Allan L. Rowland, secretary-treasurer of appellant company, blasts any such theory and completely refutes the allegations in this respect in the counterclaim. (See R 376-378, 383-385.)

Appellant further contends (Brief for Appellant, page 34) that Dollcraft Co. is the alter ego of Lester F. Hinz and Robert E. Kerr because Lester F. Hinz and Robert E. Kerr own a controlling stock interest in said company. Such ownership of a controlling stock interest is not sufficient grounds upon which to hold that a corporation is the alter ego of said controlling stockholders. Appellant offered no evidence on this point other than said stock ownership.

The leading case in California, and this question must be determined according to California law, is that of *Erkenbrecher v. Grant*, 187 Cal. 7, 11, 200 Pac. 641, in which the rule was laid down that merely because one or more persons own or control the capital stock of a corporation does not and should not destroy its separate existence. In that case the Court said:

“In order to set aside the legal fiction of distinct corporate existence as distinguished from those who own its capital stock, it is not enough that it is so organized and controlled and its affairs so managed as to make it ‘merely an instrumentality, conduit, or adjunct’ of its stockholders, but it must further appear that they are the ‘business conduits and alter ego of one another,’ and that to recognize their separate entities would aid the consummation of a wrong. Divested of the essentials which we have enumerated, the mere

circumstance that all the capital stock of a corporation is owned or controlled by one or more persons, does not, and should not, destroy its separate existence; were it otherwise, few private corporations could preserve their distinct identity, which would mean the complete destruction of the primary object of their organization.”

The rule enunciated in the foregoing case was recently reaffirmed and quoted by the Supreme Court of the State of California in the case of *Hollywood Cleaning and Pressing Co. v. Hollywood Laundry, Inc.*, 217 Cal. 124, 17 Pac. (2d) 709, 711. In that case, as here, the contention was made that the defendant was the alter ego of one of the defendants who was its sole stockholder. Therein there were many more facts and circumstances alleged and proved which might have led the Court to conclude that the corporation was but the alter ego of its sole stockholder than are found herein, but the Court refused to so conclude and said:

“Whatever may be the rule in other jurisdictions, the rule is well settled in this state that the mere fact one or two individuals or corporations own all of the stock of another corporation is not of itself sufficient to cause the courts to disregard the corporate entity of the last corporation and to treat it as the alter ego of the individual or corporation that owns its stock. In addition it must be shown that there is such a unity of interest and ownership that the individuality of such corporation and the owner or owners of its stock has ceased; and it must further appear that

the observance of the fiction of separate existence would, under the circumstances, sanction a fraud or promote injustice. Bad faith in one form or another must be shown before the court may disregard the fiction of separate corporate existence.”

The same rule was expressed in somewhat different language in the case of *Wiseman v. Sierra Highland Mining Co.*, 17 Cal. (2d) 690, 111 Pac. (2d) 646, 651, as follows:

“In their reliance on the alter ego doctrine to support their contentions of fraud, the interveners cite and quote from *Clark v. Millsap*, 197 Cal. 765, 781, 242 Pac. 918; *Sunset Farms, Inc. v. Superior Court*, 9 Cal. App. (2d) 389, 406, 50 Pac. (2d) 106, 114, and other cases.

“In such cases the courts have recognized that fraud must be proved before relief may be accorded; that the mere fact that a corporation is the alter ego of an individual is not sufficient, but that when it is shown that the separate entity was ‘fabricated and assumed for the purpose of perpetrating a fraud, a court of equity is justified in disregarding the corporate fiction in order to reach the individual and fasten upon him liability for his fraudulent action.’ ”

No proof was made before the District Court to establish that Dollcraft Co. was organized as the alter ego of Hinz and Kerr. The facts establish that appellee, Dollcraft Co., was engaged in the business of manufacturing nursery rhyme character dolls which

were so known in the industry long prior to any association of Hinz and Kerr with said Dollcraft Co.

It is therefore submitted that appellant's attempt to subject Hinz and Kerr to personal liability on the theory that they own a controlling stock interest in appellee, Dollcraft Co., is improper.

Proof of the charges made by appellant in its brief respecting unfair competition must be supported by evidence. Mere argument based on speculation, conjecture and false charges can carry little weight in attempting to set aside findings of fact made by the District Court when said findings are supported by substantial evidence based on oral testimony taken in open Court.

**STORK CLUB CASE NOT APPLICABLE TO FACTS
OF INSTANT ACTION.**

The appellant has cited at great length from and relies mainly on the case of *Stork Restaurant, Inc. v. Sahati*, 166 F. (2d) 348. This case has no application to the instant action because the facts of the two cases are in no way similar. First, the *Stork* case involved a trade-name and not a trade-mark; secondly, this Court held definitely that the trade-name, "The Stork Club" was "odd," "fanciful," "strange," and "truly arbitrary"; third, it was established that the Stork Restaurant had spent more than \$700,000 over a period of eleven years in advertising on a nationwide scale the trade-name "The Stork Club" and, fourth,

that the trade-name, "The Stork Club" had definitely acquired a secondary and fanciful meaning. None of these facts are present herein and therefore it is submitted that the *Stork* case is not applicable to the instant case.

CONCLUSION.

It is respectfully submitted that the judgment of the District Court be affirmed and this appeal dismissed.

Dated, San Francisco, California,
November 14, 1951.

Respectfully submitted,

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